

1 Options with the FCC at some time, but I don't
2 remember when I did it. I may have done it when
3 I did Buzz because I wasn't familiar with that
4 number.

5 Q. The FRN number?

6 A. Correct. I think somebody actually
7 asked us for it when I was completing a contract
8 or filling something out. And that's why I went
9 in and did it. I didn't know you needed to do it
10 before that time.

11 Q. The next document is dated June 21.
12 It's Bate Stamp 00982 and it carries over to
13 00983. There are two aspects to the document.
14 The first aspect is the typewritten aspect. What
15 is that all about?

16 A. This is basically a report where the
17 author is saying that I should have written a
18 report so that somebody investigated what had
19 happened.

20 Q. And who is the somebody who is
21 claiming you should have written the report?

1 A. Based on the way it's written, I would
2 say Gene Chill.

3 Q. Was the director of I&R at this point?

4 A. I think so. What happened is, someone
5 probably asked me to take the call, this woman
6 was complaining. And I took a look to see if I
7 could find out who the rep was who had contacted
8 her so we could discipline that rep. Where it
9 went from there, I don't know. The definition of
10 how and why a report is written is subjective, in
11 my opinion. And I just didn't feel that it was
12 necessary to write a report until I had all the
13 facts on the issue.

14 Q. In terms of the response, it appears
15 in the handwriting following the typing, is that
16 the handwriting from you?

17 A. Yes.

18 Q. So you are responding to the matters
19 raised in the typewritten portion?

20 A. Yes.

21 Q. Your response is basically saying

1 what?

2 A. It's basically saying that I didn't
3 think a report needed to be written until I knew
4 what was going on.

5 Q. Do you know what happened as a result
6 of this back and forth between you and Mr. Chill?

7 A. I turned it over to Mr. Chill because
8 he put a lot of attention on it, so I thought he
9 would take care of it.

10 Q. In terms of the matter that he was
11 complaining about?

12 A. Yes. I just gave it to him. And I
13 don't remember what happened with the woman. I
14 think that we eventually identified the person
15 who had made the calls and dismissed her.

16 Q. This is a digression of sorts, but
17 what kind of relationship did you have with Mr.
18 Chill?

19 A. We really didn't have one. He came in
20 a few months before I left and I didn't care for
21 him very much.

1 Q. Any particular reason why?

2 A. I just felt like he was hired to do a
3 job he couldn't do. And he walked around and
4 told everyone that he had a position instead of
5 performing the duties thereof. The staff that he
6 took over was my staff. He treated them all very
7 poorly. I just didn't care for him very much.

8 Q. In terms of concluding or finding that
9 he treated your staff poorly, how did that
10 opinion come to be formed?

11 A. Well, he started everyday telling them
12 that he was the vice-president and could do
13 whatever he wanted. And he just treated them
14 badly. He was constantly yelling at them. He
15 had to have a meeting twice a day. He just
16 treated his staff miserably. And I didn't have
17 any appreciation for that, so I didn't care for
18 him. He had personal issues with me because I
19 held the job before he had it. And he -- a lot
20 of interaction between us, he would tell me one
21 thing and then say something else behind my back

1 and to my friends and they would tell me. So it
2 was just a personal, just a childish
3 back-and-forth thing. But I just didn't care for
4 him.

5 Q. Did he have any direct authority over
6 you?

7 A. No.

8 Q. You were basically equivalent on the
9 corporate scheme of things?

10 A. I really just worked for Kurtis
11 directly once I was corporate affairs. And he
12 just didn't have any jurisdiction anywhere. We
13 would have been equivalent, I guess,
14 authority-wise. But I was kind of off on my own
15 by this time. So nobody really had any
16 interaction with me except for Kurtis and Keanan.

17 Q. In terms of the executive council
18 meetings, did there come a time when you stopped
19 participating in those because of your change in
20 status?

21 A. Yes. We hadn't had them for some

1 time. Before my change in status, I don't think
2 we had had them for four or five months. But I
3 never attended another one after those.

4 Q. After you were no longer the
5 vice-president of administration, you stopped
6 attending executive council meetings?

7 A. Correct.

8 Q. And that would be because the head of
9 corporate affairs was simply not a part of the
10 executive council?

11 A. That position didn't exist before I
12 took it. And I wasn't invited. If you're not
13 invited, you don't go.

14 Q. You didn't insist on going?

15 A. No. They weren't that fun.

16 Q. The next document I want to show you
17 bears Bate Stamp Numbers 01021. It's dated June
18 23, 2002. This was a situation where we had
19 purchased a small long distance company in
20 Chicagoland that was a prepaid company that dealt
21 mostly with Latin customers. And George Vasquez

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1 had been placed as the president or CEO of that
2 company. He was running it. And they had asked
3 me to make up a contract between the two
4 companies, basically differentiating us and
5 paying for services back and forth.

6 Which two companies are we talking
7 about at this point?

8 A. Phonoteindas (phonetic) or whatever it
9 is.

10 Q. The Spanish --

11 A. Yes. And U.S. Bell. The request for
12 what was to be on the contract changed
13 constantly. Services that were going to be
14 solicited changed constantly. I probably created
15 five documents. None of them worked out. By
16 this time, I actually had a contract in George's
17 hands. It took him a couple months to sign it
18 and get it back to me.

19 Q. Was George located in the same office
20 or general area as you or was he physically
21 someplace else?

1 A. Physically in Chicago on 26th Street.

2 Q. Okay.

3 A. So we didn't see each other very much.
4 I actually went up to get the contract signed on
5 one occasion. He had been called out of the
6 office. It was just a semantic thing where he
7 missed me, I missed him. And there was
8 disagreement in general on what fees were going
9 to be paid for what services between George and
10 Kurtis that had not been sorted out. I was kind
11 of in the middle of it. But they did eventually
12 get a contract signed. Which I don't think they
13 followed, but they did get it signed.

14 Q. What is Keanan's concern here then?

15 A. I think Keanan's concern is that the
16 companies are differentiated. That we know that
17 U.S. Bell or whatever other number of companies
18 is not the Spanish company. Just in case, let's
19 say, the Spanish had some kind of financial fall
20 back or whatever, you didn't want it to fall over
21 onto the other companies.

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1 Q. Am I to understand, from the way this
2 report is written, that Keanan had a problem with
3 the absence of a contract at this point in time?

4 A. He's saying that we should have had
5 the contract completed by now.

6 Q. In a sense, he's blaming both of you?

7 A. Yes. I think that he and I had
8 discussed it and I told him that I had gotten a
9 contract to George. George hadn't returned it to
10 me. And he said, "Well, it's your responsibility
11 to get it back." So he wrote us both up.

12 Q. Did you have any -- was there any
13 subsequent discussion between yourself and Keanan
14 about this report?

15 A. No. I think I just -- I said, "I'll
16 try to get it from George." But George was
17 running his own company, he was very busy. And I
18 really did not have any -- you know, I couldn't
19 call George and say, "Get your butt in here today
20 or else." I didn't have the authority to do so.
21 Keanan did, but he wouldn't make the call. So I

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1 told him "I'll do what I can, but I'm not going
2 to get in the car and chase the guy around." He
3 knows he has the agreement and he's got to bring
4 it in. And eventually, he did.

5 Q. From what you just said and some other
6 things that I've heard, it strikes me that there
7 is a certain amount of passive-aggressive
8 behavior going on here in terms of the
9 interaction between yourself and Keanan.

10 A. I'm not a psychiatrist.

11 Q. Okay. Maybe I could find another way
12 of putting that. You seem to be telling me that
13 there were times when Keanan knew certain things.
14 For example, just that there was no contract yet
15 between U.S. Bell/Buzz, whatever it's supposed to
16 be, and this Phonotindas (phonetic). And that
17 rather than taking some action himself, he would
18 expect other people to act.

19 A. I think the proper description would
20 be that he changed his mind a lot. And one day
21 he would be working on something. And the next

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1 day, he would want someone else to do so. So I
2 was usually the person who was held accountable
3 for doing so because he knew that at some point,
4 I would get it done. So it was -- our
5 relationship was different the last six months or
6 so that I was with the company. You'll probably
7 find in there, if I have notes from Keanan, one
8 day where I have 15 notes.

9 Q. "Notes," meaning what?

10 A. Just messages like this or "Hey Bill,
11 can you get this done, can you get that done."
12 He would have has concentration on something else
13 for long periods of time. And then he would come
14 in and have a whole day where he concentrated on
15 me. And I would get hammered on that day. So
16 this was a -- just in the two months before this
17 was written, he and I had a discussion. And he
18 said, "Write the contract. I'll drive it up
19 there to George because I go to Chicago a couple
20 times a week. And I'll get him to sign it." And
21 two months later, he's writing me up for not

1 having contract signed. So I had to adjust to,
2 you know, whatever was going on.

3 Q. To your knowledge, could Keanan have
4 ordered George to sign it?

5 A. Absolutely.

6 Q. Could Kurtis have ordered George to
7 sign it?

8 A. Yes.

9 Q. You couldn't?

10 A. I didn't have the authority to do so.

11 Q. You were essentially George's equal?

12 A. I would say so. We didn't work for
13 the same company. I did not have any authority
14 over him. I guess we would be equals, but we
15 just didn't work for the same company. And
16 Kurtis and Keanan really were the guys who had
17 the authority.

18 Q. The next document I want to show you
19 is a -- it's Bate Stamp 01031.

20 A. It's an allocation.

21 Q. Is the information on it accurate so

1 far as you know?

2 A. Yes. And it basically was a guide for
3 us to know that we needed people hired for these
4 positions. And, you know, figure out what the
5 qualifications are. Based on what our income was
6 coming in, sometimes we would have one position
7 filled and not another. And these positions that
8 have HFA, that stands for help from above,
9 meaning, the boss of that position is doing the
10 job. So we want to have it filled.

11 Q. That's was HFA is?

12 A. Yes. The other ones where it asks for
13 40 long distance sales reps, ISR is inside sales
14 representative. They are just looking for us and
15 for personnel to get -- "This is how many
16 positions I want filled. Get bodies in there."
17 And it also defined for them clearly what George
18 was doing at the time. We had people in the
19 building interacting with Kurtis and Keanan, but
20 not necessarily the rest of the staff. So we
21 wouldn't know what their exact title was. This

1 clearly defined it for everybody.

2 Q. And so because this concerns December,
3 2001 and the first quarter of 2002, that's why
4 you're still listed there as VPA?

5 A. Correct.

6 Q. And in terms of George Vasquez, it
7 appears that he's director of R & D?

8 A. Research and development. We had that
9 position -- the fourth quarter of December, 2001
10 is when we purchased Phonoteindas, ATS Services
11 was another name for the company. And I believe
12 we did it October or November of that year. And
13 shortly after this, I'm guessing the first
14 quarter of the next year, Kurtis actually put
15 George in charge of that company.

16 George is a Spanish-speaking person
17 who had been a manager with us for a long time.
18 I think he felt like he could go up and interact
19 with the customer. George had a lot of
20 experience in provisioning and getting customers
21 on-line. And we had some problems with that,

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1 that needed to be handled from their office in
2 Chicago. So George was a good candidate to go up
3 there and run it.

4 Q. The document I want to show you next
5 is Bate Stamp 00711. The date is 6-26-02.

6 A. This was when I discovered the tax
7 that needed to be filled out and sent a note to
8 Kurtis to inform him.

9 Q. By "the tax," you're referring to the
10 Federal Universal Service?

11 A. Correct.

12 Q. How is it that you came to find that
13 out?

14 A. The form -- Global requested the form.
15 So I went on the FCC website and found the form,
16 found the tax. And then derived that we had not
17 been paying it.

18 Q. And so you informed Kurtis and Keanan?

19 A. Yes.

20 Q. What was the reaction?

21 A. Not very positive. We sat down after

1 Kurtis -- I think Kurtis was on vacation when I
2 actually gave them the note. And when he got
3 back, we sat down. He asked me if I was sure
4 that this was something that we should be doing.
5 I said I was pretty sure, but we could probably
6 contact somebody who is in the industry who is
7 either an attorney or an accountant and they
8 could give us more information. And then we
9 would need to register for it and start to pay
10 it. He said, "What we'll do is, next quarter,
11 we'll budget for it. We'll contact the FCC and
12 try to work out some kind of payment plan to pay
13 it back."

14 Q. Do you know whether or not that
15 happened?

16 A. No.

17 Q. In terms of the note that appears on
18 the bottom here, who is that directed to and who
19 is it done by?

20 A. Written to Gene Chill from Kurtis.

21 Q. The little notation at the start is a

1 G?

2 A. G. It would have been sent to Gene
3 because he was director of I&R. He would have
4 investigated why we didn't know this tax was due.

5 Q. In terms of the -- so cc to division
6 I&R, that means that this document is supposed to
7 go to Mr. Chill as well?

8 A. What he's trying to do is, basically,
9 without going and writing a report on his own,
10 he's dispatching it to Gene to tell him to find
11 out why this is happening.

12 Q. Did you have any conversations with
13 Gene afterwards on this topic?

14 A. Yes. He came in and asked. And I
15 told him that I didn't know about the tax when we
16 initially got set up. I don't know if the tax
17 existed or if we just weren't set up for it.
18 This was the first that I've ever heard of it.

19 Q. In terms of whether there was
20 knowledge about the tax existing, we've seen
21 telephone bills from the company to customers as

1 early as April of 2002. So several months before
2 this where there is included on the bill a USF
3 charge of \$3.75. Were you aware that such a
4 charge had been proposed?

5 A. Yes.

6 Q. And can you tell me how that charge
7 came to appear on bills sent to Business Options'
8 customers?

9 A. How it came to be -- I know that it
10 was -- the amount was -- I don't know how the
11 amount was derived, but I know that we billed it
12 because it was something that was mandated that
13 we bill them. And we were paying the USF fee to
14 all the states, for the states that asked for it.
15 And my understanding was that eventually we would
16 be filling out reports for every state and
17 sending it in. And some states were just behind
18 on the process.

19 Q. Do you have any knowledge as to how
20 the amount of \$3.75 came to be derived?

21 A. I know we had discussions about that.

1 I think that it had to do with -- something about
2 it was the maximum allowable amount or something
3 like that. But we had several discussions.
4 There was another fee, a PIXI (phonetic) fee
5 previously and that fee was no longer allowed.
6 So we took what we were charging for the USF and
7 the PIXI and put it together. And we billed it
8 to our billing clearinghouse. And they gave us
9 approval to bill it. So it was some kind of
10 formula like that.

11 Q. Do you know how the money was
12 accounted for once it came into the company in
13 terms of what happened to it?

14 A. No. I don't really know how it was
15 all accounted for. All I know is that so much
16 money was made available to me so I could do the
17 USF reports and have checks sent out each month.

18 Q. So from your understanding, the basic
19 idea was that the amount being billed would be
20 sufficient to allow you to pay whatever USF fees
21 the company owed?

1 A. Correct.

2 Q. And so in terms of Federal USF, what
3 you're telling me is that you did not have
4 knowledge that such was possibly owed until June
5 of 2002?

6 A. Correct. I didn't know that there was
7 such a form or tax until I actually went on the
8 internet to look. And that's when I figured it
9 out.

10 Q. This is Bate Stamp Numbers 00716. It
11 bears a date of July 5, 2002. It appears to be
12 from Kurtis.

13 A. Uh-huh.

14 Q. And it is directed to ethics.

15 A. Uh-huh.

16 Q. And what is that?

17 A. Ethics is a part of inspections and
18 reports.

19 Q. What is it that Kurtis is saying here?

20 A. He's saying it's my responsibility
21 that we were not paying the tax.

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1 Q. Given the date, July 5, 2002, was this
2 about the time that Kurtis actually became aware,
3 to your knowledge, that Federal USF may have been
4 due?

5 A. Yes. To my knowledge, he didn't know
6 anything about it until I sent him the previous
7 note.

8 Q. Do you know what, if anything, Kurtis
9 did as a consequence of attaining that knowledge?

10 A. No. I know that we had a couple
11 discussions about it. And what he told me was
12 that it was not budgeted to pay this quarter.
13 And what we were going to do was sit down and
14 figure out how to budget it next quarter. We
15 were going to contact our attorney and then we
16 were going to contact the FCC. We were going to
17 start paying it at that point. We were going to
18 try to work out a back-payment plan so we could
19 come up to date.

20 Q. Do you know whether or not he did
21 that?

1 A. I have no idea.

2 Q. Did there come a time when you
3 actually prepared a form, FCC form 499-A, with
4 respect to Buzz Telecom, U.S. Bell and/or
5 Business Options?

6 A. I'm sure that I did one for Buzz
7 Telecom. I don't know if I did one for U.S.
8 Bell/Business Options. I think that I registered
9 them all at the same time. I think I did all
10 three the same day. If I did U.S. Bell at all.

11 Q. What we're aware of is a form that was
12 dated, I believe, in early October of 2002. I
13 just don't have the form in front of me right now
14 for Buzz Telecom.

15 A. Okay. I'm about 90 percent sure that
16 I did do it for Buzz to make sure that Buzz
17 was -- its legal rudiments were in from day one.
18 If I did -- I doubt that I did -- I think I
19 registered Business Options, but I don't think I
20 filled out any forms for Business Options. Once
21 Kurtis told me we were going to get our attorney

1 involved, I thought I'd leave it to a
2 professional who could probably do it better than
3 I could. There were -- Buzz Telecom were zero
4 numbers and Business Options would have been big
5 numbers comparatively.

6 Q. Counsel for Buzz, Business Options and
7 Avatar and everybody else under the sun has
8 kindly given us to look at what appears to be a
9 form 499-A, FCC form 499-A, for Buzz Telecom.

10 A. That's my handwriting.

11 Q. To your understanding, what period of
12 time is meant to be covered by this report that
13 when you get to the end, I believe it will
14 reflect a signature and a date.

15 A. Uh-huh.

16 Q. And that signature is yours?

17 A. My signature. And the date is October
18 23rd, 2002.

19 Q. What is the period of time, to your
20 understanding, that is meant to be covered by
21 this report?

1 A. I would guess it's July 1st through
2 September 30th of 2002, that quarter.

3 Q. Of 2002?

4 A. Yes.

5 Q. Directing your attention to the first
6 page, it's -- I'm looking at it from some
7 distance. But in terms of my memory, the form
8 itself appears to be due on April 1?

9 A. Yes.

10 Q. April 1 of 2002, which would suggest
11 that it could not possibly be for the period of
12 time that you remember. So perhaps with that in
13 front of you, it may help you remember what
14 period of time the form was supposed to cover.

15 A. Buzz Telecom wasn't incorporation
16 until early to mid 2002. And I think what I
17 wanted to do was just get an initial report in so
18 it was on the record. So then we could start
19 doing the annual reporting. There was some kind
20 of quarterly reporting due. And I don't remember
21 the details of it, but I wanted to make sure I

1 got a report in and on file as soon as I could
2 because I was leaving. I left the company a week
3 after this. And I wanted to make sure that there
4 was something in because I told Kurtis that I
5 would get the legal rudiments for Buzz Telecom
6 on-line. So I wanted to make sure I got that.
7 My understanding is that it was reported
8 quarterly. I may have misunderstood it when I
9 read through the information.

10 MR. HAWA: Can I ask a question so we
11 can shed some light on this?

12 MR. SHOOK: Sure.

13 MR. HAWA: Are you familiar with a
14 form 499-Q?

15 THE WITNESS: That's the quarterly
16 report.

17 MR. HAWA: 499-A, the annual report,
18 is due April 1st. And 499-Q is due quarterly.

19 THE WITNESS: It may have been just my
20 misunderstanding. Or I just did this -- I don't
21 know. But I had the understanding that it had to